

# GOVERNMENT SERVICES COMMITTEE

The Government Services Committee was assigned the following responsibilities:

- A study of facility needs of state agencies in the Bismarck area pursuant to Section 37 of 2013 House Bill No. 1015. The study was to include an evaluation of current and projected facility needs of state agencies, facilities on the Capitol grounds currently being used by state agencies, and facilities owned or leased by state agencies that are not located on the Capitol grounds.
- A study of the use of the structures and property of the James River Correctional Center and the State Hospital pursuant to Section 5 of 2013 Senate Bill No. 2015. The study was to include a determination of the best and most efficient use of the properties.
- A study of current state and federal benefits available to North Dakota veterans pursuant to Section 3 of 2013 Senate Bill No. 2344. The study was to include a review of statutory changes that would benefit North Dakota veterans and include possible changes to state income taxes and property taxes, the provision of veteran-focused incentives, assistance with obtaining and maintaining benefits, and assistance with obtaining and maintaining various life-enhancing services.
- Receive the annual report from the Committee on Employment of People with Disabilities detailing the committee's activities, goals, and progress in reaching these goals, and strategies and policies that can help the committee to realize its goals pursuant to North Dakota Century Code Section 50-06.1-16.
- Approve any agreement between a North Dakota state entity and South Dakota to form a bistate authority pursuant to Section 54-40-01.
- Receive by July 1, 2014, the Department of Corrections and Rehabilitation's plan to move the Missouri River Correctional Center to a site adjacent to the Youth Correctional Center pursuant to Section 4 of 2013 Senate Bill No. 2015.
- Receive projected costs from the Adjutant General regarding writing, publishing, and distributing a record of all North Dakota veterans, including those killed in action and missing in action, since statehood pursuant to Section 1 of 2013 Senate Bill No. 2210.
- Receive a report from the Department of Veterans' Affairs during the 2013-14 interim regarding the status of the service dog training program, including benefits to veterans, number of applicants, and number of service dogs provided pursuant to Section 2 of 2013 Senate Bill No. 2344.

Committee members were Senators Ronald Sorvaag (Chairman), Ron Carlisle, Richard Marcellais, and David O'Connell and Representatives Roger Brabandt, Glen Froseth, Ed Gruchalla, Rick Holman, Karen Karls, George J. Keiser, Curtiss Kreun, Scott Louser, Gail Mooney, Chet Pollert, Vicky Steiner, and Alon Wieland.

## STUDY OF FACILITY NEEDS OF STATE AGENCIES IN THE BISMARCK AREA

The committee was assigned a study of facility needs of state agencies in the Bismarck area pursuant to Section 37 of 2013 House Bill No. 1015. The study was to include an evaluation of current and projected facility needs of state agencies, facilities on the Capitol grounds currently being used by state agencies, and facilities owned or leased by state agencies that are not located on the Capitol grounds. The study was to determine if additional facilities are needed for the operations of state agencies. If it was determined that additional space is needed, the committee was to review the most economical options for increasing the amount of facilities space available, including options for renovating or expanding existing buildings on the Capitol grounds, options for constructing new buildings on the Capitol grounds, and options for building or leasing facilities that are not located on the Capitol grounds.

### Capitol Complex

The Capitol complex was established in 1883 when 320 acres were deeded to the Territory of Dakota from the Northern Pacific Railroad Company. After the first State Capitol was destroyed by fire in 1930, 160 acres around the perimeter of the complex were sold to pay for a new building which was completed in 1934. Additional acreage was sold in 1949, and other acreage is used as easements for water and streets. The current Capitol complex consists of 132 acres. Besides the Capitol building, other facilities at the complex include the Heritage Center, State Office Building, Governor's residence, Department of Transportation building, maintenance building, and the Liberty Memorial Building which houses the State Library.

## **Facility Management Division**

The Facility Management Division of the Office of Management and Budget (OMB) is responsible for the overall daily operations and preservation of the State Capitol complex and surrounding 132-acre grounds. In addition, the division is responsible for providing space management services for most state agencies. All new construction, historical preservation and restoration, and extraordinary repairs are prioritized and forecasted for a 10-year period.

## **Capitol Grounds Planning Commission**

The Capitol Grounds Planning Commission, provided for in Chapter 48-10, advises the Director of OMB and the Legislative Council on matters relating to the physical and aesthetic features of the interior and exterior of all buildings on the Capitol grounds. The commission consists of the Lieutenant Governor as Chairman and eight other members, including two citizens, one licensed architect, and one representative from the State Historical Society appointed by the Governor. The President of the Senate appoints two senators as members and the Speaker of the House of Representatives appoints two representatives.

## **Capitol Building Fund**

The Capitol building fund was established at the time of statehood by the Enabling Act of 1889. Section 12 of the Enabling Act provided 50 sections of land to North Dakota upon statehood to be used for the purpose of financing construction of public buildings for legislative, executive, and judicial use. The Capitol building fund is made up of the land, proceeds from the sale of the land, and any investment income from the proceeds. Section 12 of the Enabling Act was amended by Congress in 1957 to expand the fund's use for construction, reconstruction, repair, renovation, furnishings, equipment, or other permanent improvements of public buildings at the Capitol.

House Bill No. 1117 (1979) amended Section 48-10-02 to provide that the Board of University and School Lands invest and manage the fund on behalf of the Capitol Grounds Planning Commission. The bill further amended Section 48-10-02 to provide a continuing appropriation to the Capitol Grounds Planning Commission from the interest and income from the Capitol building fund not to exceed 50 percent of the unencumbered balance. Expenditures made under the continuing appropriation may be made, after consideration of the Capitol grounds master plan, for projects or planning but may not exceed \$50,000 per biennium. The Legislative Assembly in 2013 House Bill No. 1015 increased the continuing appropriation limit to \$175,000.

The Capitol building fund includes 9,994 surface acres. The Capitol building fund had a June 30, 2013, balance of \$3,474,302. As of June 2014, it is estimated the Capitol building fund will have a June 30, 2015, balance of \$3,164,440.

## **Capitol Complex Space Needs**

The committee received information from the Facility Management Division regarding the Capitol complex and state facilities. The committee learned the Capitol complex contains a total of 397,923 square feet of office space for 1,629 full-time equivalent (FTE) positions in the Capitol tower, judicial wing, Department of Transportation building, State Office Building, the Heritage Center, and the Liberty Memorial Building. The committee learned, based on a standard of 230 square feet per occupant, the Capitol tower is designed to house 537 employees and the judicial wing is designed to house 453 employees. The number of square feet per FTE position ranges from 116 for a portion of the Tax Commissioner's office to 478 for the Historical Society Foundation space in the Heritage Center. The committee reviewed the Capitol complex master plan developed in 2000. The committee learned the 2000 master plan has not been updated. The committee also learned there is not a formal process to identify projected state agency space needs.

## **Space Away from the Capitol Grounds**

In addition to the Capitol complex, there are several state-owned or state-leased facilities located in the Bismarck area. Examples of agencies owning facilities in the area include Workforce Safety and Insurance, the Department of Corrections and Rehabilitation, the Bank of North Dakota, and the Game and Fish Department. Some agencies, such as Workforce Safety and Insurance, lease a portion of its facilities to other state agencies. The average office space lease cost in the Bismarck area is approximately \$12 to \$13 per square foot. The committee learned the operating cost of leased space off the Capitol grounds is approximately \$5 to \$8 per square foot and the operating cost of space in the Capitol is \$11.29 per square foot.

## **Agency Space Needs and Utilization**

The committee received information from state agencies regarding space needs. The committee reviewed the results of a survey conducted to identify all office, meeting, and storage space leased or owned by state agencies in the Bismarck area. The survey identified the cost per square foot, use, and employee headcount for each agency location in the Bismarck area. The survey results indicate state agencies lease nearly 500,000 square feet of space away from the Capitol grounds in the Bismarck area. This number includes office, meeting, storage, and other space leased from the private sector and other state agencies, such as Workforce Safety Insurance. Leased space cost

ranges from \$0.26 per square foot for 560 square feet of cold storage space leased by the Department of Trust Lands to \$22.20 per square foot for 5,684 square feet of office space leased by the North Dakota University System. Agencies in the Bismarck area identified over 2 million square feet of state-owned space. Agencies reporting the most state-owned space included the Adjutant General (541,299 square feet) and the Department of Corrections and Rehabilitation (716,393 square feet). Total employee headcount for agencies in the Bismarck area identified in the survey was 5,122. The survey also identified projected space needs for each agency. Of the 50 agencies surveyed, 21 identified current or projected space needs. Space needs range from 200 square feet of work space identified by the Commission on Legal Counsel for Indigents to 24,660 square feet of office, meeting, training, and storage space identified by the judicial branch. Other state agencies identifying space needs include:

- Secretary of State;
- State Auditor;
- Attorney General;
- Tax Commissioner;
- Office of Administrative Hearings;
- Department of Trust Lands;
- School for the Deaf;
- University System;
- State Department of Health;
- Tobacco Prevention and Control Executive Committee;
- Indian Affairs Commission;
- Department of Veterans' Affairs;
- Department of Human Services;
- Insurance Commissioner;
- Labor Commissioner;
- Highway Patrol;
- Adjutant General;
- North Dakota Council on the Arts; and
- Parks and Recreation Department.

The committee received additional information from certain state agencies regarding their space needs.

- The judicial branch occupies 21,604 square feet of space in the judicial wing of the Capitol and leases 8,400 net square feet of office space in a building located off the Capitol grounds. The judicial branch indicated it has an unmet space need of 24,660 gross square feet. The committee toured the Supreme Court office space.
- The Attorney General's office has expanded and foresees further expansion in the future due to the increasing law enforcement needs of the state. The committee learned the State Crime Laboratory building may need to be expanded during the 2017-19 biennium.
- The Information Technology Department vacated approximately 10,000 square feet of office space in the judicial wing of the Capitol to consolidate its operations in one building located away from the Capitol grounds. The committee toured the vacant areas in the judicial wing. The committee learned the 10,000 square feet in the judicial wing of the Capitol vacated by the Information Technology Department will be used by the Supreme Court, the Secretary of State, the Department of Labor and Human Rights, and the Indian Affairs Commission.

### **Property Taxes**

The committee learned state-owned property is exempt from local property taxes; however, state statute requires certain state agencies to make payments in lieu of property taxes. Five state agencies have made payments in lieu of property taxes since fiscal year 2011. The five agencies are the Adjutant General, Department of Trust Lands, Game and Fish Department, State Water Commission, and Workforce Safety and Insurance. The committee learned the Game and Fish Department paid over \$481,000 in lieu of property taxes to multiple counties in fiscal year 2014 and Workforce Safety and Insurance paid over \$181,000 in lieu of property taxes to Burleigh County in fiscal year 2014.

## Recommendations

The committee recommends a bill draft [\[15.0130.02000\]](#) to provide an appropriation of \$300,000 from the Capitol building fund to OMB to develop a master plan in conjunction with the Capitol Grounds Planning Commission for all state agencies with a physical location in the Bismarck area. The bill draft requires the master plan to identify and address current and projected space needs of state agencies in the Bismarck area and include the estimated costs to address the needs. The bill draft also requires OMB to provide periodic status reports on the development of the Bismarck area state agency master plan to the Legislative Management during the 2015-16 interim and to present the completed master plan to the Legislative Management by July 1, 2016.

## STUDY OF THE USE OF STRUCTURES AND PROPERTY OF THE JAMES RIVER CORRECTIONAL CENTER AND THE STATE HOSPITAL

The committee was assigned a study of the use of the structures and property of the James River Correctional Center and the State Hospital pursuant to Section 5 of 2013 Senate Bill No. 2015. The study was to include a determination of the best and most efficient use of the properties.

### State Hospital

The State Hospital was first authorized in 1883 and is located on the south side of Jamestown. The State Hospital is referenced in Article IX, Section 12, of the Constitution of North Dakota. It provides psychiatric and chemical dependency treatment to residents of the state. Chapter 25-02, which includes various provisions related to the Hospital, requires the Hospital to receive and care for all mentally ill persons as provided for in statute.

The State Hospital has a capacity to serve approximately 298 patients through inpatient or residential programs. Of this total, the Hospital can serve up to 76 individuals in the secure services unit which treats civilly committed sexually dangerous individuals. The Hospital, through a contract with the Department of Corrections and Rehabilitation, dedicates 90 of its beds for the Tompkins rehabilitation program which provides services to the department's inmates with chemical addictions.

The following is a summary of buildings located at the State Hospital, including usage and square feet:

Building	Uses	Square Feet
Learning Resource Center	Administrative offices, education services, library	40,800
Administration	Vacant - Used for emergency sleeping rooms for staff	24,675
Central receiving	Receive and store supplies	27,100
16 West	Plumbing and electrical shops; portion of building is vacant	39,990
Superintendent's residence	Former residence of superintendent; rented for special occasions	5,552
Powerhouse	Heating plant to supply steam to facility	39,285
Engineering warehouse	Storage for plumbing, electrical, and carpentry supplies	23,414
Warehouse	General storage	6,020
Grounds warehouse	Storage for grounds department	2,755
Implement shed	Storage for large equipment	5,370
Vehicle maintenance shop	Vehicle maintenance operations	4,650
Employees building	Apartment building for rentals to staff of the hospital and James River Correctional Center	34,345
Cottage 77-1	Housing for medical students and emergency overnight housing for staff	2,857
Cottage 77-2	Housing for medical students and emergency overnight housing for staff	2,857
Cottage 77-3	Rented to Head Start program	2,857
Cottage 77-4	Rented to staff	3,020
Cottage 77-4 garage	Double garage	680
Cottage 77-5	Housing for transitional living patients	3,020
Cottage 77-5 garage	Double garage	676
Cottage 78	Housing for transitional living patients	3,900
Grounds maintenance	Shop and storage for small vehicles and equipment	3,200
Tompkins Building	Tompkins program for chemical dependency treatment for male patients	34,660
GM Building	Sexual offender program	82,670
Water plant (mason)	Shop used for temporary or contracted masons	4,802
Sewage lift station	Connection to Jamestown city sewer system	800
Metal quonset	Storage for plant services department	3,130
Chapel	Vacant - Used for special occasions	13,140
Cottage 88	Staff rental	2,254
Cottage 88 garage	Single garage	308
Cottage 89	Transitional living for sexual offenders close to discharge	3,028
Swimming pool	Indoor pool for patient treatment	6,800
New Horizons Building	Tompkins program for chemical dependency treatment for women and treatment for psychiatric patients	75,485
LaHaug Building	Inpatient hospital for psychiatric patients and patients who have psychiatric and chemical dependency problems	135,495

Building	Uses	Square Feet
Electrical distribution	Emergency generator	1,800
Pedestrian tunnels	Connects various campus buildings	24,832
Total		666,227

The Legislative Assembly appropriated \$1,775,168 for extraordinary repairs at the State Hospital for the 2013-15 biennium. Of this amount, \$864,714 is for a street reconstruction project and \$910,454 is for various projects, including roof repairs, floor repairs, building tuck-pointing, sewer repairs, electrical repairs, and heating and cooling repairs.

### James River Correctional Center

Section 12-47-01 was amended in 1997 to permit the Director of the Department of Corrections and Rehabilitation to establish affiliated facilities at other locations throughout the state within the limits of legislative appropriations. The James River Correctional Center, which is located on the grounds of the State Hospital in Jamestown, was completed for use as a correctional facility in 1998. The 1997 Legislative Assembly appropriated \$1,295,000 (\$129,500 from the general fund and \$1,165,500 of other funds) to the Department of Corrections and Rehabilitation for the purchase of property from the State Hospital for a medium security corrections facility. The 1997 Legislative Assembly also appropriated \$3,276,412 (\$344,030 from the general fund and \$2,932,382 of other funds) for the renovation and remodeling of the property. The majority of other funds for the project were obtained through federal grants.

The James River Correctional Center is classified as a medium security facility and has a capacity of approximately 420 beds. The facility was used to house both male and female inmates until 2004 and now houses only male inmates. The Department of Corrections and Rehabilitation and Department of Human Services have entered a partnership agreement under which the James River Correctional Center provides food and laundry service to the State Hospital. Other agreements are in place between the agencies relating to training and other services provided between the facilities.

The following is a summary of buildings located at the James River Correctional Center, including usage and square feet:

Building	Uses	Square Feet
Main (ET) Building	General housing for inmates, including the medical service department and offices for security and safety personnel	87,530
Special Assistance Unit	Secure housing for inmates	27,890
Amusement hall	Recreational activities	15,210
Administration	Various administrative offices and training facilities	41,380
Kitchen	Food services	24,250
Dining building	Inmate dining	29,700
Laundry building	Laundry services	19,600
Roughrider Industries	Roughrider Industries programs	11,250
Maintenance shop	Maintenance	2,000
Front gate/security	Entrance checkpoint	200
Total		259,010

The Legislative Assembly appropriated \$872,750 to the Department of Corrections and Rehabilitation for extraordinary repairs for the 2013-15 biennium. The funding was to be used to replace ventilation systems in the Main (ET) Building.

### State-Owned Land

The committee learned the State Hospital is located on approximately 430 acres of land and the State Hospital manages a total of 3,060 acres of state-owned land. The State Hospital leases 1,183 acres of tillable agricultural land and 1,284 acres of land for livestock pasture and haying purposes. The tillable land is valued at approximately \$3,500 to \$5,000 per acre, the hay land is valued at approximately \$1,500 to \$2,000 per acre, and the pastureland is valued at approximately \$1,000 per acre. The committee learned if all the leased land is sold, it would generate between \$4.2 million and \$4.9 million. The state-owned land managed by the State Hospital generated \$175,786 in annual rental income in 2013 for the State Hospital. The committee learned the renters are responsible for payment of real estate taxes and in 2013, the renters paid \$12,409 to Stutsman County in real estate taxes. The committee learned Section 57-02-08 identifies property exempt from taxation, which includes "[t]he leasehold interest in property owned by the state which has been leased for pasture or grazing purposes . . . ."

The committee learned the Department of Corrections and Rehabilitation manages 3,315 acres of state-owned land in Burleigh County and Morton County. The Department of Corrections and Rehabilitation leases 3,115 acres for various purposes and generated \$230,636 of annual revenue in 2013 from the leased land. The committee learned the rental income supports Roughrider Industries and royalty income has been used to pay for the State Penitentiary renovation/expansion project.

### Potential Capital Projects and Deferred Maintenance

The committee learned the cost of maintaining the buildings at the State Hospital has averaged approximately \$1 million per biennium. Potential future building improvements needed include:

- Upgrade the roof and mechanical, plumbing, and electrical systems of the Employees Building at a cost of \$3.6 million;
- Upgrade the heating, electrical, plumbing, and fire alarm systems of the 16 West Building at a cost of \$5.9 million; and
- Remove lead-based paint in the Administration Building at a cost of \$500,000.

The committee learned deferred maintenance projects necessary during the 2015-17 biennium at the James River Correctional Center include:

- Security infrastructure;
- Elevator retrofits in the Main (ET) Building, Amusement Hall, and Administration Building;
- Air handling systems in the Main (ET) Building, Kitchen, and Amusement Hall; and
- Tunnel roof repair.

### Use of Facilities

The committee toured the facilities of the State Hospital and the James River Correctional Center. The committee learned the State Hospital does not fully utilize all of its buildings. Partially unused buildings include:

Building	Square Footage	Square Feet Unused	Percentage of Use
Administration Building	24,675	24,675	0%
16 West Building	39,990	Approximately 30,000	25%
Chapel	13,140	13,140	0%

The committee learned the James River Correctional Center does not fully utilize all of its buildings. Partially unused buildings include:

Building	Square Footage	Square Feet Unused	Percentage of Use
Administration Building	41,380	6,207	85%
Outside maintenance shop	14,210	8,526	40%
Laundry Building	19,600	6,860	65%

The committee learned a master plan has never been completed for the James River Correctional Center. The committee learned representatives of the State Hospital support the completion of a master plan that encompasses both the State Hospital and the James River Correctional Center.

### Recommendations

The committee recommends a bill draft [\[15.0146.02000\]](#) to provide an appropriation of \$250,000 to the Department of Human Services to develop a master plan in conjunction with the Department of Corrections and Rehabilitation for the State Hospital and the James River Correctional Center. The bill draft requires the master plan to address land use, vacant structures, and current and projected space needs of the State Hospital and the James River Correctional Center. The master plan must also address the potential sale of a portion of the State Hospital's agricultural land, with the proceeds being used for capital improvement projects at the State Hospital. The bill draft also requires the Department of Human Services to provide periodic status reports on the development of the State Hospital and James River Correctional Center master plan to the Legislative Management and to present the completed master plan to the Legislative Management by July 1, 2016.

### STUDY OF NORTH DAKOTA VETERANS' BENEFITS

The committee was assigned a study of North Dakota veterans' benefits pursuant to Section 3 of 2013 Senate Bill No. 2344. The study was to include the current state and federal benefits available to North Dakota veterans, including statutory changes that would benefit North Dakota veterans and include possible changes to state income taxes and property taxes, the provision of veteran-focused incentives, assistance with obtaining and maintaining benefits, and assistance with obtaining and maintaining various life-enhancing services.

## Previous Studies

The 2007-08 Public Safety Committee, pursuant to 2007 House Concurrent Resolution No. 3063, studied the delivery and funding of veterans' services by the state and counties. The 2007-08 interim committee received information regarding benefits available to North Dakota veterans and the delivery and funding of veterans' services. The Government Services Committee learned 95 percent of the state's veterans' claims processed originate through county veterans' service officers.

## Veterans' Service Agencies

The Government Services Committee received information on agencies and organizations that provide services to North Dakota veterans, including:

- **United States Department of Veterans' Affairs (VA)** - Administers a variety of benefits and services for servicemembers, veterans, dependents, and survivors. The VA operates the nation's largest integrated health care system, with more than 1,700 hospitals, clinics, community living centers, and other facilities. The VA benefits include health care, disability compensation, dental care, education and training, vocational rehabilitation, life insurance, home loan assistance, and burial benefits. The VA offers an array of programs and initiatives specifically designed to help homeless veterans live as self-sufficiently and independently as possible.
- **Administrative Committee on Veterans' Affairs (ACOVA)** - Responsible for the organization, policy, and general administration of all veterans' affairs in North Dakota. Pursuant to Section 37-18.1-01, ACOVA is comprised of 3 ex officio nonvoting members and 15 voting members. The 15 voting members are appointed by the Governor from each of the five major veteran organizations in the state--the American Legion, Veterans of Foreign Wars (VFW), Disabled American Veterans, Veterans of World War II, Korea, and Vietnam (AMVETS), and Vietnam Veterans of America. The three nonvoting members who serve in an advisory capacity include the Adjutant General, the Medical Center Director of the VA, and the Executive Director of Job Service North Dakota. The Governor appoints a Chairman and Secretary of ACOVA.
- **North Dakota Department of Veterans' Affairs (NDVA)** - Ensures every veteran in the state of North Dakota who has served in the military receives every benefit to which the veteran may be entitled from the VA, allied agencies, and from the state of North Dakota. The NDVA provides assistance, either directly or through county and tribal veterans' service officers, to North Dakota veterans and their dependents in obtaining federal and state benefits and disseminates current information to the state veteran population through the use of news media, county veterans' service officers, and veterans' organizations. The NDVA assists with claims for entitlement from the VA and counsels veterans on employment, educational programs, disability benefits, medical care entitlement, nursing home assistance, death benefits, and other related veterans' activities.
- **Veterans' Home** - Provides basic and skilled nursing care to eligible North Dakota veterans and spouses. The Veterans' Home currently has 98 basic care and 52 skilled nursing beds. To be eligible for admission, veterans must meet one of the following criteria:
  - Be a bona fide resident of North Dakota for at least 30 days;
  - Served in a North Dakota regiment;
  - Entered the armed services as a North Dakota resident; or
  - Be a spouse or surviving spouse of above veteran.
- **County veterans' service officers** - Actively cooperate with and coordinate the activities of the state and federal agencies within the county in which the officer serves to facilitate their operations and ensure promptness in the solution of the problems concerned with the reestablishment of returning servicemen and servicewomen in civilian pursuits.
- **Salvation Army** - Provides assistance to North Dakota veterans and their families who are homeless or at risk of homelessness. Services provided by the Salvation Army include case management; assistance in obtaining VA benefits; assistance in coordinating and obtaining other benefits which may include referrals to health care services, food pantries, and other basic needs; personal financial planning services; transportation services; and temporary financial assistance of time-limited payments to third parties for rent, utilities, security and utility deposits, transportation, and emergency supplies.
- **North Dakota Coalition for Homeless People** - Works with subgrantees, including the Salvation Army and Community Action, to administer funds provided through the supportive services for veteran families program with funding provided by the VA. The program works through private nonprofit organizations and consumer cooperatives to provide supportive services to low-income veteran families living in or transitioning to permanent housing. The program provides eligible veteran families with outreach, case management, and assistance in obtaining VA and other benefits which may include health care services, daily living services, personal financial

planning, transportation services, fiduciary and payee services, legal services, child care services, and housing counseling.

- **North Dakota Veterans' Coordinating Council** - Coordinates activities of veterans' organizations. The council consists of three members each from five major veterans' organizations. The duties of the council are to monitor legislation affecting veterans and their dependents, monitor programs established for veterans, and establish a system of public relations for veterans.
- **Inter-Service Family Assistance Committee (ISFAC)** - Provides a voluntary military cooperative partnership, through multiservice networking for training and assistance to ensure family readiness. The goal of the ISFAC is to strengthen existing family and servicemember delivery systems in the event of mobilization, deployment, or natural disaster through the interaction of committee members.
- **ND Cares** - Works through a coalition to strengthen an accessible, seamless network of support for servicemembers, veterans, families, and survivors in North Dakota; to identify issues or gaps in services and bring those issues to the attention of service providers in order to make improvements; and to provide consistency and focus regarding veterans' services and related issues. The committee learned recent activities of the ND Cares Task Force included developing a statewide representation of organizations, an organizational chart, and an initial strategic plan.

The task force has also identified suicide and veteran homelessness as core priorities and designed an initial communications chart.

The committee learned the next activities of the ND Cares Task Force include:

Connecting fragmented systems to ensure an integrated response to the needs of veterans, resulting in a strong, adaptive, and connected system;

Conducting an analysis of the benefits and services available compared to the veterans', servicemembers', families', and survivors' needs;

Continuing to develop the ND Cares concept;

Officially adopting the ND Cares brand; and

Brief stakeholders and partner with agencies and organizations that are committed to assisting servicemembers, veterans, families, and survivors in North Dakota.

### **Veterans' Support Services**

The committee received information on veterans' support services available to North Dakota veterans, including:

- **Veterans' aid fund** - A permanent revolving fund available for making loans to veterans or their widows/widowers. The maximum loan amount is \$5,000, and the annual interest rate is 8 percent. The interest rate may not exceed 10 percent, and loans may be for up to 48 months. If the loan is repaid as agreed upon in the terms, one-half of the interest paid is refunded to the borrower.
- **Veterans' postwar trust fund** - A constitutional fund, the income of which is available for veterans' programs. The 2013 Legislative Assembly provided a \$250,000 transfer from the general fund to increase the principal balance of the fund to generate additional income for programs authorized by law to benefit and serve veterans.
- **Hardship assistance grant** - A program providing assistance for individuals with an emergency need for dental work, eyeglasses, hearing aids, or other medical needs approved by the Commissioner of NDVA. Routine and maintenance procedures are not provided.
- **North Dakota Veterans Emergency Needs Charitable Fund** - A fund established by the NDVA to receive tax-deductible donations to provide resources for emergency needs of North Dakota veterans and their eligible dependents. The fund was established to meet one-time emergency needs of veterans that may include dental care, vision, hearing, transportation for medical treatment, and other special needs as approved by the fund advisors.
- **Homeless Veterans' Dental Program** - A fund established to increase the accessibility of quality dental care to homeless veteran patients and to help assure success in VA-sponsored and VA-partnership homeless rehabilitation programs throughout the United States.
- **Stand down events** - One-day to three-day events providing services to homeless veterans. Services provided include food; shelter; clothing; health screenings; VA and Social Security benefits counseling; and referrals to a variety of other services, such as housing, employment, and substance abuse treatment. Stand downs are collaborative events, typically coordinated between local veteran groups, other government agencies, and community agencies who serve the homeless.

## Education Services

The committee received information on education services available to North Dakota veterans, including:

- **Veteran Educational Training Program (formally the Upward Bound program)** - An individualized educational program for veterans who seek academic preparation before entering or during postsecondary education. Coursework in English, computer literacy, mathematics, science, and reading is designed to prepare veterans for successful participation in postsecondary education. The 2013 Legislative Assembly approved House Bill No. 1289 appropriating \$325,000 from the general fund to the University System for the veterans' educational training program.
- **Federal GI Bill** - An education benefit earned by active duty, selected reserve, and National Guard servicemembers. The benefit is designed to help servicemembers and eligible veterans with the costs associated with getting an education or training. The GI Bill has several programs and each is administrated differently, based on eligibility and duty status.
- **Leave No Veteran Behind** - A national 501(c)(3) nonprofit organization run by veterans to assist those who are serving or have served in the United States military with student loans. Leave No Veteran Behind accepts private donations to assist veterans with student loans. Veterans receiving assistance are required to perform 100 hours of community service.
- **Survivors and Dependents Educational Assistance** - An education and training program providing opportunities to eligible dependents of certain veterans. The VA program offers up to 45 months of education benefits. These benefits may be used for degree and certificate programs, apprenticeship, and on-the-job training.
- **North Dakota University System tuition waivers** - A waiver of tuition available for qualified dependents attending any University System college. Pursuant to Section 15-10-18.3, a dependent of a North Dakota veteran who was killed, totally disabled, or declared missing in action may attend a University System institution without paying tuition or fees for up to 45 months. In addition, Chapters 37-07.1 and 37-07.2 provide tuition assistance and tuition waivers for qualifying members of the National Guard attending state-controlled colleges.
- **Yellow Ribbon Program** - A provision of the federal Post-9/11 Veterans Educational Assistance Act of 2008. This program allows institutions of higher learning (degree-granting institutions) in the United States to voluntarily enter into an agreement with the VA to pay tuition expenses that exceed the highest public in-state undergraduate tuition rate. The institution can contribute up to 50 percent of those expenses, and the VA will match the same amount as the institution.

## Entrepreneurship Services

The committee received information on entrepreneurship services available to North Dakota veterans, including:

- **Entrepreneurship Bootcamp for Veterans with Disabilities (EBV)** - a program offering training in entrepreneurship and small business management to post 9-11 veterans with disabilities resulting from service to the country. The EBV is designed to open the door to business ownership for veterans by developing skills associated with launching and growing a small business and helping leverage programs and services for veterans and people with disabilities.
- **United States Small Business Administration (SBA)** - The federal agency aids, counsels, assists, and protects the interests of small business concerns, to preserve free competitive enterprise, and to maintain and strengthen the overall economy of the nation. The SBA helps Americans start, build, and grow businesses.
- **Procurement technical assistance program (PTAP)** - A program providing matching funds through cooperative agreements with state and local governments and nonprofit organizations for the establishment of Procurement Technical Assistance Centers to provide procurement assistance. Procurement Technical Assistance Centers are primarily focused on helping existing companies secure government contracts by working with veteran and service-disabled veteran entrepreneurs to position their companies to successfully compete in the government contracting arena.
- **Entrepreneurship training** - A program allowing eligible servicemembers and veterans to use VA education benefits to take courses offered by the Small Business Development Centers or the National Veterans Business Development Corporation, better known as "The Veterans Corporation."

## Mental Health Services

The committee received information on mental health services available to North Dakota veterans, including:

- **Veterans Health Administration Mental Health Strategic Healthcare Group** - The federal agency provides general inpatient psychiatric services at 132 medical centers as well as mental health outpatient services in

689 medical centers and community-based outpatient clinics. In addition, readjustment counseling services are available for veterans and their families at 209 veterans' centers across the nation. Mental health services are available in primary care clinics, VA nursing homes, and residential care facilities where veterans receive health care. Veterans with a serious mental illness may receive services at facilities and clinics where specialized programs, such as mental health intensive case management, day centers, work programs, and psychosocial rehabilitation, are provided.

- **Service dog training program** - A program established by the 2013 Legislative Assembly to train service dogs to assist North Dakota veterans with posttraumatic stress disorder (PTSD). The 2013 Legislative Assembly appropriated \$50,000 from the general fund to the NDVA for the service dog training program. The NDVA was required, pursuant to Section 2 of Senate Bill No. 2344, to provide a report to the Legislative Management (Government Services Committee) during the 2013-14 interim regarding the status of the service dog training program, including benefits to veterans, number of applicants, and number of service dogs provided. The committee learned the program has been well received by veterans, and several veterans have submitted an application to receive a service dog. The NDVA is working with Service Dogs for America to implement a service dog training program to provide PTSD service dogs. Service Dogs for America has 10 dogs ready for placement in North Dakota. The average cost to train each service dog is approximately \$20,000. Service Dogs for America is working with prisons in North Dakota and South Dakota to assist in training of the dogs to limit the training costs.

### **Other State Benefits for Veterans**

The committee received information on other benefits provided by the state for veterans, including:

- **Property tax exemptions/reductions** - Certain qualified disabled veterans may be eligible for property tax exemptions or property tax reductions, which also apply to the unremarried surviving spouse of a qualified deceased veteran. Pursuant to Section 57-02-08(20), the first \$120,000 of true and full value of property owned and occupied as a homestead by certain qualified disabled veterans or their unremarried surviving spouse may be eligible for an exemption from property tax. In addition, Section 57-02-08.8 provides certain qualified disabled veterans or their unremarried surviving spouse is eligible for a credit applied against the first \$6,750 of taxable valuation (\$150,000 of true and full value) of the fixtures, buildings, and improvements of the homestead owned and occupied by the disabled veteran or unremarried surviving spouse equal to the percentage of the disabled veteran's disability compensation rating for service-connected disabilities as certified by NDVA for the purpose of applying for a property tax exemption.
- **Agent Orange** - The Legislative Assembly in 2013 House Bill No. 1405 provided \$50,000 from the general fund to NDVA for grants to identify and provide services to North Dakota veterans who were exposed to Agent Orange. The department was required to provide a report to the Budget Section during the 2013-14 interim regarding any funds received to provide services to veterans exposed to Agent Orange; the status of the grant program, including information on the use of the grants awarded; and outcomes of the services provided. The committee learned the department has placed billboards in Fargo and on Interstate 94 near Steele to advertise the Agent Orange grant program. The committee also learned local VFW clubs are publicizing and holding meetings regarding the Agent Orange grant program.
- **Veterans' preference** - Job reinstatement and veterans' preference in public employment provided in Chapter 37-19.1.
- **Veterans' adjusted compensation (bonuses)** - Chapter 37-28 provides for adjusted compensation payments to members of the North Dakota National Guard, and North Dakota residents of the reserve and active duty component, who were mobilized after December 5, 1992, in support of military operations around the world.
- **Park fees reductions** - North Dakota veterans with a 100 percent, service-related disability and former prisoners of war are eligible for a free annual permit to North Dakota state parks. All other North Dakota veterans with service-related disabilities are eligible to receive an annual permit for \$20. The Golden Access Passport is issued by the Army Corps of Engineers to any individual who has been medically determined to be blind or permanently disabled for purposes of receiving benefits under federal law, including admission to federal parks.
- **Aircraft excise tax exemption** - Under Section 57-40.5-03(1), an aircraft acquired by a disabled veteran is exempt from aircraft excise tax.
- **Motor vehicle excise tax exemption** - Under Section 57-40.3-04(1), any motor vehicle acquired by, or leased and in the possession of, a resident disabled veteran who registers, or is eligible to register, the vehicle with a distinctive license plate is exempt from motor vehicle excise taxes. A surviving spouse who has not remarried and is receiving NDVA dependency and indemnity compensation retains the exemption of the deceased qualifying veteran.

- **Veteran's indicator on North Dakota driver's license** - Veterans can request to have an indicator on their North Dakota driver's license to show they are veterans of United States military service.
- **Reduced fees for licenses** - Section 20.1-03-12 provides a Game and Fish Department resident fishing license for a disabled veteran who has a 50 percent service-related disability is \$5 instead of \$16, and the combined general game, habitat stamp, small game, and fur-bearer license for a resident disabled veteran is \$3 instead of \$50.
- **Injured military deer licenses** - Section 20.1-02-04 provides the Game and Fish Department issue free of charge four any deer licenses and six any white-tailed deer licenses annually to the Injured Military Wildlife Project of North Dakota.
- **North Dakota Veterans' Cemetery** - Veterans may be buried in the North Dakota Veterans' Cemetery at no charge. A fee is charged for a spouse or eligible dependent buried on the same plot at the cemetery.

### **Statutory Definitions of Veteran**

The committee received information on the definition of "veteran" used for North Dakota veterans' programs. The committee learned that Century Code contains a number of definitions of veteran, each used for a specific purpose or for determining eligibility for a certain program. The committee learned that because of the various definitions, a veteran eligible for one state program may not be eligible for another state program. The committee reviewed the following sections of Century Code defining veteran for the North Dakota veterans' programs.

- Section 37-14-01.1 - Veterans' aid fund loan program and veterans' postwar trust fund
- Section 37-01-40(1) - Dependent tuition waiver and Veterans' Home
- Section 57-40.5-03(1) - Aircraft excise tax exemption
- Section 57-40.3-04(1) - Motor vehicle excise tax
- Section 57-02-08(20) - Property tax exemption for disabled veterans
- Section 57-02-08.8 - Property tax credit for disabled veterans
- Section 37-01-40(2) - Veterans' preference
- Section 37-28-02(7)(b) - Veterans' adjusted compensation (bonuses)
- Section 20.1-03-12(6) - Game and Fish reduced fees and licenses

### **Income Tax Exemptions for Veterans' Retirement Compensation**

The committee received information on income tax exemptions in other states for veterans' retirement compensation. The committee learned 8 states, including North Dakota, do not provide any income tax exemption relating to veterans' retirement compensation. Of the 42 states which provide an exemption for veterans' retirement compensation, 7 states do not collect personal income tax, 15 states exempt 100 percent of the retirement compensation, 1 state exempts 100 percent of retirement compensation if the veteran received the congressional medal of honor, 13 states have a maximum allowable exemption amount, and 3 states use a combination of a maximum amount and a percentage to determine the exemption amount.

The committee learned the 2013 Legislative Assembly considered, but did not approve House Bill No. 1254, which would have exempted military retirement pay from the state income tax. The fiscal note on the bill indicated that if approved, the bill would have reduced general fund revenue by an estimated of \$4,050,000 for the 2013-15 biennium.

### **Record of All North Dakota Veterans**

Pursuant to Section 1 of Senate Bill No. 2210 the Adjutant General was required to initiate and coordinate the writing, publishing, and distribution of a record of all North Dakota veterans, including a record of all North Dakotans killed in action and missing in action since statehood. The Adjutant General was also required to determine the projected costs for the completion of the writing, publishing, and distribution of the records and present those projections to the Legislative Management. The 2013 Legislative Assembly appropriated \$50,000 from the general fund to the Adjutant General for this purpose.

The Deputy Adjutant General informed the committee the \$50,000 appropriated by the 2013 Legislative Assembly will not be adequate to complete the project, and the Adjutant General would need authority to accept funds from sponsors or donors for the book if the Legislative Assembly determines the project should be completed using private donations. The Deputy Adjutant General informed the committee that while the Adjutant General may provide assistance, it may be more appropriate for another state agency to have primary responsibility for the writing, publishing, and distributing of a record of all North Dakota veterans.

The committee considered but did not recommend a bill draft to provide special fund appropriations to the Adjutant General for writing, publishing, and distributing a record of all North Dakota veterans.

### **Other Information and Testimony**

The committee received the following key comments from other interested persons:

- Concern regarding the definition of veteran used under the Veteran Educational Training Program. The current definition excludes a number of nondeployed National Guard members.
- A federal report indicated that the federal VA Hospital in Fargo was not identified as having any significant scheduling issues.
- The Fargo VA Health Care System scheduled 97 percent of appointments between zero and 30 days of the reference date.
- While most veterans are receiving services on a timely basis at the federal VA Hospital in Fargo, a federal change requiring that veterans' claims be processed at a number of processing facilities around the country rather than within the veterans' home state may result in delayed claims processing for North Dakota veterans.
- Concern regarding the ending of surviving spousal benefits after remarriage, particularly the inability of the surviving spouses to receive the benefit again if the remarriage ends.
- Support for exempting military retirement pay from the state income tax.

### **Tour of Camp Grafton**

The committee conducted a tour of Camp Grafton. The committee learned Camp Grafton has experienced growth, development, and improvements since the North Dakota National Guard received the land for its military mission. Improvements continue to be made and are designed to keep Camp Grafton relevant to its mission to support training of the North Dakota National Guard.

### **Recommendations**

The committee recommends a bill draft [\[15.0166.01000\]](#) to exempt military retirement pay from the state income tax. The bill draft would be effective for taxable years beginning after December 31, 2014.

## **REPORT FROM THE COMMITTEE ON EMPLOYMENT OF PEOPLE WITH DISABILITIES**

Section 50-06.1-16 establishes the Committee on Employment of People with Disabilities and requires the committee to submit an annual report to the Legislative Management before January 1 of each year. The report must detail the committee's activities, the committee's goals, and the progress the committee has made in reaching these goals. The report must also include identification of barriers to achieve the committee's goals and must include identified strategies and policies that can help the committee realize its goals. The committee is to submit the annual report to the Governor and the Legislative Management. The Government Services Committee was assigned the responsibility to receive this report for the 2013-14 interim.

### **Background**

The Committee on Employment of People with Disabilities consists of four members of the public appointed by the Governor and five ex officio individuals representing the Department of Commerce Division of Workforce Development, the Department of Human Services Division of Vocational Rehabilitation, the Department of Public Instruction, the Protection and Advocacy Project, and the Department of Human Services developmental disabilities programs. The committee is to collaborate, coordinate, and improve employment outcomes for working-age adults with disabilities.

Section 39-01-15 provides certain handicap parking fees are to be deposited in the employment of people with disabilities fund for use by the committee. Any fees deposited in the fund are appropriated on a continuing basis to the Department of Human Services for use by the committee in meeting its statutory duties. Approximately \$12,000 of handicap parking fees are estimated to be deposited in the fund during the 2013-15 biennium. The balance of the fund on June 30, 2013, was \$4,520.

### **Report on the Activities of the Committee on Employment of People with Disabilities**

The committee learned the activities of the Committee on Employment of People with Disabilities included drafting bylaws, receiving appointments from the Governor's office, and coordinating activities with other entities involved in improving the employment outcomes for individuals with disabilities. The Committee on Employment of People with Disabilities is also building its organizational foundation and simultaneously learning about the priorities and plans of other workgroups that are promoting integrative employment.

## **AGREEMENTS BETWEEN NORTH DAKOTA AND SOUTH DAKOTA**

Section 54-40-01 provides that an agency, department, or institution may enter an agreement with the state of South Dakota to form a bistate authority to jointly exercise any function the entity is authorized to perform by law. Any proposed agreement must be submitted to the Legislative Assembly or, if the Legislative Assembly is not in session, to the Legislative Management or a committee designated by the Legislative Management for approval or rejection. The agreement may not become effective until approved by the Legislative Assembly or the Legislative Management. The Government Services Committee was assigned this responsibility for the 2013-14 interim.

The committee received information regarding the history of the bistate authority legislation. The South Dakota Legislature in 1996 enacted a law creating a legislative commission to meet with a similar commission from North Dakota to study ways North Dakota and South Dakota could collaborate to provide government services more efficiently. The North Dakota Legislative Council appointed a commission to meet with the South Dakota commission. As a result of the joint commission, the North Dakota Legislative Assembly enacted legislation relating to higher education and the formation of a cooperative agreement with South Dakota. The South Dakota commission proposed several initiatives, but the South Dakota Legislature did not approve any of the related bills.

During the 2013-14 interim, no proposed agreements were submitted to the committee for approval to form a bistate authority with the state of South Dakota.

## **REPORT ON PLAN TO RELOCATE THE MISSOURI RIVER CORRECTIONAL CENTER TO THE YOUTH CORRECTIONAL CENTER**

Senate Bill No. 2015 (2013) provided a general fund appropriation of \$200,000 to the Department of Corrections and Rehabilitation to develop, in conjunction with OMB, options for the feasibility and desirability of relocating the Missouri River Correctional Center and for a land use study. Section 4 of Senate Bill No. 2015 provides the department may use up to \$50,000 of the appropriation to contract for a land use study of the current Missouri River Correctional Center site, including options to develop all or a portion of the land into a day park and options to continue agriculture activities. The land use study may not review options to develop the land for residential, commercial, or other related purposes. The section provides the department may use up to \$150,000 of the appropriation for the development of options for relocating the Missouri River Correctional Center, including the:

- Determination of facilities, services, and activities that may be shared by the Missouri River Correctional Center and the Youth Correctional Center;
- Development of a plan to move the Missouri River Correctional Center to a site adjacent to the Youth Correctional Center; and
- Determination of costs for construction necessary to relocate the Missouri River Correctional Center during the 2015-17 biennium, pending approval and funding by the 64<sup>th</sup> Legislative Assembly.

During the 2013-14 interim, OMB was to provide a report to the Budget Section regarding options for the possible relocation of the Missouri River Correctional Center and the results of the study. The Department of Corrections and Rehabilitation was to present its plan to move the Missouri River Correctional Center to a site adjacent to the Youth Correctional Center to the Legislative Management by July 1, 2014. The Government Services Committee was assigned this responsibility for the 2013-14 interim.

### **Current Facilities**

The committee learned the Missouri River Correctional Center site is southwest of Bismarck along the Missouri River and is comprised of heavily wooded land, pastures, irrigated agricultural land, delineated wetlands, and a floodway. The Missouri River Correctional Center contains 151 inmate beds. The facility is designed for minimum security and there is no fence around the property. The mission of the Missouri River Correctional Center is to provide a safe and healthy environment for rehabilitation. The location of the center includes approximately 985 acres of state-owned land managed by the Department of Corrections and Rehabilitation. In addition to buildings to support the center, a portion of the land is leased for agricultural purposes.

The Youth Correctional Center, located on approximately 125 acres west of Mandan, is the state's secure juvenile correctional institution. The Youth Correctional Center serves as a secure detention and rehabilitation facility for adjudicated juveniles who require the most restrictive placement and maximum staff supervision and provides appropriate programming to address delinquent behavior. The Department of Corrections and Rehabilitation also manages approximately 1,290 acres of state-owned land that is adjacent to the facility.

### **Missouri River Correctional Center Land Use and Planning Study**

The committee received the report from the Department of Corrections and Rehabilitation regarding the Missouri River Correctional Center land use and planning study. The study found it was physically feasible but not desirable to

relocate the Missouri River Correctional Center to a site adjacent to the Youth Correctional Center. Relocating the Missouri River Correctional Center to a site adjacent to the Youth Correctional Center would create a significant risk associated with maintaining strict physical separation of the Missouri River Correctional Center's adult male population and the Youth Correctional Center's juvenile male and female population. Both facilities would require physical and operational changes, as well as heavy reliance on staff, to maintain this separation. The committee learned potential efficiencies gained from relocating the Missouri River Correctional Center to a site adjacent to the Youth Correctional Center include minimal sharing of staff beyond that which already occurs, particularly in maintenance and medical staff, but sharing of facilities for educational, treatment, or security staff does not appear feasible. Project costs for a new Missouri River Correctional Center facility on the Youth Correctional Center site are estimated to be approximately \$28 million.

The committee learned due to the age of the buildings, flood damage, and maintenance concerns, including mold, considerable upgrades are required for the existing Missouri River Correctional Center facility. The study did not include a review of locations other than the Youth Correctional Center site for a potential site for the Missouri River Correctional Center. The committee learned that if flood protection is established, the Missouri River Correctional Center could remain in the same location and a day park could be created, with irrigated land providing a buffer between the facility and the park.

All or a portion of the Missouri River Correctional Center land is well-suited for use as a public day park. Three potential concepts were identified to use the land as a day park, two of which require relocation of the Missouri River Correctional Center. Each concept includes a primary park building for visitors, a paved road network to access the various parts of the park, a network of trails providing visitors with options to walk, run, bike, hike, and cross-country ski, and a recreational waterway offering backwater conditions ideal for canoeing, kayaking, and beachfront swimming. The estimated cost to establish the park is between \$7.1 million and \$11.9 million, depending on whether all or a portion of the land is converted to a park.